

Message Text

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E.O. 11652: N/A

TAGS: AREC, BL

SUBJ: NON-APPROPRIATED FUND ACTIVITIES - PROCUREMENT STUDY

REF: STATE 35798

1. INFO REQUESTED REFTEL IS PROVIDED IN THE ORDER ASKED.

2. TAKS NO. 1

A. THE U.S. EMPLOYEES ASSOCIATION HAS NO WRITTEN PROCUREMENT INSTRUCTIONS FOR THE COMMISSARY. SOURCES OF SUPPLY USED ARE FEW AS ARE TOTAL NUMBER OF ORDERS MADE ANNUALLY. ORDERS ARE PREPARED BY THE (RETIRED) AMERICAN MANAGER, A FORMER USG EMPLOYEE. INVENTORY REQUIREMENTS AND ITEMS TO BE STOCKED ARE DISCUSSED BY THE BOARD OF DIRECTORS. THE LARGER FINAL ORDERS ARE SCREENED BY THE ASSOCIATION'S EXECUTIVE DIRECTOR (EMBASSY ADMINISTRATIVE OFFICER).

B. SEE A ABOVE.

C. AS NOTED ABOVE, THE COMMISSARY MANGER PREPARES ORDERS. CHANGES IN INVENTORY MIX OR VOLUME ARE REFERRED TO THE BOARD. ALL ORDERS OF SIGNIFICANT SIZE ARE REVIEWED BY THE EXECUTIVE DIRECTOR BEFORE FINAL ACTION.

D. PROSPECTIVE SOURCES OF SUPPLY ARE REFERRED TO THE BOARD OF DIRECTORS AND THE EXECUTIVE DIRECTOR FOR DETERMINATION. AFTER INVESTIGATION OF PRICES, DIFFICULTIES OF SHIPPING EXPECTED TO BE ENCOUNTERED, AND ANY OTHER INFORMATION AVAILABLE, USUALLY A UNCLASSIFIED

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SMALL EXPERIMENTAL ORDER WILL BE PLACED.

E. WITH THE EXCEPTION OF SMALL QUANTITIES OF SPECIAL ITEMS, E.G., PERFUMES FROM THE USG COMMISSARY, PARIS, ALL COMMISSARY GOODS ARE PROCURED FROM PRIVATE U.S. SUPPLIERS. LIQUOR ITEMS SUCH AS SCOTCH, BRANDY, ETC., ARE ORDERED FROM PRIVATE THIRD COUNTRY SOURCES AND MAKE UP APPROXIMATELY 30 TO 35 PERCENT OF TOTAL PROCUREMENT.

F. ORDERS ARE PREPARED BY THE COMMISSARY MANAGER BASED ON USAGE FACTORS AND PROJECTED NEED (SPECIAL SEASON), APPROVED BY THE EXECUTIVE DIRECTOR AND FORWARDED TO THE SELECTED SOURCE OF SUPPLY. SOURCES OF SUPPLY ARE APPROVED BY THE BOARD OF DIRECTORS AND EXECUTIVE DIRECTOR ON THE BASIS OF PRICE ADVANTAGE AND ADEQUACY AND FREQUENCY OF SHIPPING. SUPPLY CONTRACTS ARE NOT USED AS TOTAL NUMBER AND FREQUENCY OF ORDERS WOULD NOT FUSTIFY THIS. ADDITIONALLY, CHANGING SHIPPING FACTORS AND EFFICIENCY OF OUR SUPPLIERS REQUIRE THAT WE BE ABLE TO ORDER FROM THOS SUPPLIERS WHO BEST MEET ALL OUR NEEDS. PAYMENT IS MADE ON RECEIPT OF INVOICE ENABLING US TO TAKE ADVANTAGE OF DISCOUNTS BUT SHIPMENTS ARE INSURED TO PREVENT LOSSES THROUGH MISHANDLING, SHIPPING ERRORS, ETC. GOODS ARE INSPECTED ON RECEIPT.

3. TASK NO. 2.

A. ANNUALLY BY A LOCAL QUALIFIED ACCOUNTING FIRM.

B. INVENTORIES ARE CONDUCTED SEMI-ANNUALLY BY MEMBERS OF THE ASSOCIATION OVERSEEN BY BOARD MEMBERS, THE EXECUTIVE DIRECTOR, AND A REPRESENTATIVE OF THE AUDITING FIRM.

C. PROBLEMS ARE BROUGHT TO THE ATTENTION TO THE EXECUTIVE DIRECTOR AND BOARD OF DIRECTORS WHO FROM TIME TO TIME MAKE INFORMAL MANAGEMENT SURVEYS. THE EXECUTIVE DIRECTOR FREQUENTLY INVOLVES HIMSELF IN ACTIVITIES HAVING TO DO WITH FINANCIAL PROCESSES, INVENTORY MAKE-UP, ORDERING, ETC.

D. ASIDE FROM COST, OUR TWO MOST IMPORTANT CONSIDERATIONS ARE INVENTORY CONTROL AND SHIPPING. WE ARE REQUIRED TO PAY SPECIAL ATTENTION TO INVENTORY VOLUME DUE TO THE LIMITED CAPITAL OF THE ASSOCIATION AND TO INVENTORY MIX IN ORDER TO ASSURE THAT ONLY UNCLASSIFIED

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NECESSARY ITEMS WHICH ARE NOT EASILY AVAILABLE ON THE LOCAL MARKET ARE STOCKED. SHIPPING ALWAYS CONSTITUTES A PROBLEM SINCE LA PAZ IS LANDLOCKED. ORDERS MUST BE SHIPPED TO A PERUVIAN PORT AND TRANSPORTED OVER LAND TO POST. PROBLEMS AND DELAYS ARE FREQUENTLY ENCOUNTERED UNLESS THE SUPPLIER ACTS IN A CONCIENTIOUS MANNER.

4. TASK NO. 3

A. MAJOR PROBLEMS WERE OUTLINED IN TASK 2D ABOVE. THESE ARE NOT SUFFICIENTLY DEFINABLE OVER TIME BECAUSE OF THE NATURE OF OUR ORDERING PROCESS, I.E., FROM WHOM AND WHERE AORDERS ARE PROCURED. WE HAVE SET UP A CONTINUING PROCESS OF REVIEW BY BOTH THE EXECUTIVE DIRECTOR AND BOARD OF DIRECTORS TO ASSURE THAT PROBLEMS ARISING ARE IMMEDIATELY RESOLVED.

B. NONE

5. TASK NO. 4

A. SINCE OUR COMMISSARY IS RELATIVELY SMALL, WE ARE NOT ABLE TO AFFORD TRAINED MANAGEMENT PERSONNEL BROUGHT IN FOR THIS PURPOSE. CONSEQUENTLY, WE MUST RELY ON PERSONS WHO ARE AVAILABLE TO US LOCALLY, USUALLY RETIRED PERSONNEL WHO RESIDE IN LA PAZ. THE EXECUTIVE DIRECTOR AND BOARD HAVE ADOPTED A PROCEDURE OF STRICT SUPERVISION TO OVERCOME THIS PROBLEM.
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